

Democracy, Dependency, and Destabilization: The Shaking of Allende's Regime

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As demonstrated by the 1988 American policy toward Panama, destabilization is still a prominent strategy in American foreign policy. Unfortunately, as a theoretical concept destabilization has received only marginal attention. Furthermore, what little work has been done on destabilization has embedded the concept in the general discussion on sanctions.¹ But the literature on the use of economic power politics in general and on sanctions in particular almost always proceeds from a mechanically economic point of view.² In such frameworks the crucial factors explaining the results of economic power politics are the relative

¹ As a distinct concept, destabilization is discussed briefly by Gary Clyde Hufbauer and Jeffrey J. Schott, *Economic Sanctions in Support of Foreign Policy* (Washington, D.C.: Institute for International Economics, 1983), 43–45.

² Major books and articles that emphasize economic power considerations are: Henry Bienen and Robert Gilpin, "An Evaluation of the Use of Economic Sanctions to Promote Foreign Policy Objectives, With Special Reference to the Problems of Terrorism and the Promotion of Human Rights," unpublished paper, 2 April 1979; M.S. Daoudi and M.S. Dajani, *Economic Sanctions* (London: Routledge & Kegan Paul, 1983); Margaret P. Doxey, *International Sanctions in Contemporary Perspective* (New York: St. Martin's Press, 1987); Hufbauer and Schott, *Economic Sanctions in Support of Foreign Policy*; Gary Clyde Hufbauer & Jeffrey J. Schott, *Economic Sanctions Reconsidered* (Washington, D.C.: Institute for International Economics, 1985); Klaus Knorr, "International Economic Leverage and Its Uses" in Klaus Knorr and Frank N. Trager, eds., *Economic Issues and National Security* (Lawrence: University of Kansas Press, 1982), 99–126; and Klaus Knorr, *The Power of Nations* (New York: Basic Books, 1975).

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economic capabilities of the rivals and the international economic setting. Destabilization however, although affected by economic factors, is largely dependent on the domestic social setting. Consequently, destabilization is probably one of the best benchmarks for a reconsideration of economic power politics and sanction theories.

The central concern of this article is the concept of destabilization. In the early 1970s the United States, through economic pressure and domestic intervention, launched a major destabilization effort against the Socialist regime of Salvador Allende in Chile.³ Drawing from this destabilization effort and comparing it to a similar U.S. effort against the Fidel Castro regime in Cuba in the early 1960s, I seek to explain why and how destabilization succeeds or fails. I reject the focus of the economic power politics and sanction literature on economic structures as sufficient to explain the results of economic power politics. Instead, the discussion is based on Robert Cox's analysis of social change.⁴ Using Cox's concepts I present a framework that emphasizes the importance of social structures. This framework links external forces and internal segments of the target country's society and points out the relevance of political culture, institutions, and national leaders to the destabilization process.

DESTABILIZATION AND THE INSENSITIVITY OF SANCTION THEORY

Henry Bienen and Robert Gilpin characterize sanctions as the "manipulation of economic relations for political objectives" designed to "threaten or execute economic punishment in order to coerce a society to change its policy or its government."⁵ But the breadth of this definition may lead to some confusion. It may be better to distinguish between "coercive" and "manipulative" economic sanctions.

The assumption that coercive sanctions seek to influence a society to change its government's policy is inaccurate. Although it is the target country's society that suffers the consequences of coercive sanctions, such sanctions are directed

³ See Morton Halperin, Jerry J. Berman, Robert L. Borosage, and Christine M. Marwick, *The Lawless State* (New York: Penguin Books, 1976), 15–29; and Robert L. Borosage and John Marks, "Destabilizing Chile" in Borosage and Marks, eds., *The CIA File* (New York: Grossman Publishers, 1976), 79–89. In September 1974, at a press conference, President Gerald Ford was asked about U.S. destabilization efforts in Chile. In response to the question, "Is it the policy of your administration to attempt to destabilize the government of other democracies?" Ford answered: "Our government, like other governments, does take certain actions in the intelligence field to help implement foreign policy and protect national security." Later, in response to another question, he added, "I am not going to pass judgment on whether it is permitted or authorized under international law [to attempt to destabilize a government of another country]. It is a recognized fact that historically, as well as presently, such actions are taken in the best interest of the countries involved." See Gerald R. Ford, *Public Papers of the Presidents of the United States* (Washington, D.C.: U.S. Government Printing Office (GPO), 1975, 150–1, 156.

⁴ Robert Cox, "Social Forces, States and World Order: Beyond International Relations Theory," *Millennium* 10 (Summer 1981): 135–36.

⁵ Henry Bienen and Robert Gilpin, "An Evaluation of Economic Sanctions," 2, 5.

at and seek to influence the leadership rather than the society. Therefore, coercive sanctions must contain a clear message elaborating the desired policy change of the target country's leadership. Statesmen of the sanctioning country may assume that the leaders they address will comply because of their fear that the society will reject them, but it is also possible that the leaders of the target country will comply because of their rational calculation regarding what is best for the country.

Manipulative sanctions differ from coercive sanctions with respect to their audience, the way they are supposed to work, and their goal. They are directed at the society of the target country and do not necessarily include an open message. Rather than trying to coerce, they try to induce. Their ultimate goal is to alienate the public from the leaders to such a degree that the latter lose their powerful positions.

Since in the absence of a message there is no need to link the sender to the sanctions, manipulative sanctions can be implemented as a low-profile policy and thereby avoid much of the reaction that coercive sanctions create. On the other hand, since the audience of manipulative sanctions is the general public and the goal is to alienate the society from its leadership, manipulative sanctions cannot by themselves create the desired effect. In order to ensure that external pressure translates into social deterioration, a deep involvement in the target society is essential. In order to be effective, manipulative sanctions should be part of a broader framework, namely, destabilization policy.

Sanction theories are an integral part of the literature regarding the use of economic power. Further, much of the analysis of sanction theories is based on the study of trade sanctions and centers around the conditions that facilitate the success of such sanctions. Therefore, it is not particularly surprising that the sanction literature has an economic basis. For sanction theorists the crucial factors determining the success of sanctions are the control of the sender and target nations over the sanction and the vulnerability of the target nation to economic deprivation.

According to sanction theories, the target country's vulnerability is a function of three factors: the degree to which the foreign trade of the target country is concentrated; the elasticity of international markets (and sometimes of domestic production); and the openness of the target country's economy.⁶ Trade concentration is a measure of the intensity of economic relations between the sender and the target countries. This intensity depends on the relative volume and importance to the target economy of the sanctioned commodity (that is, goods or capital). Elasticity is a measure of the opportunity the world market offers for substituting exports or imports of sanctioned goods. It also may reflect the flexibility of the target country's national economy, which in turn depends on the ability of the target country's economy to adjust itself to new production requirements. Openness is often measured by the ratio of import to gross national product (GNP).

However, sanction theorists admit that in reality sanctions seldom coerce na-

⁶ Knorr, "International Economic Leverage and its Uses," 103; Bienen and Gilpin, "An Evaluation of Economic Sanctions," 9-11.

tions to change their policies. Following an economic line of reasoning, they usually attribute the failure of sanction policy to the imperfection of the sanction tool. In other words, the elasticity of the world market prevents senders from controlling completely the economic environment.⁷ Occasionally, sanction theorists also attribute the failure of sanction policy to the countereffects it creates in the target country.⁸

But the failure of sanctions may very well hint at the imperfection of the sanction theory rather than at its practice. Johan Galtung accurately criticized the theory for being linear and naive.⁹ He pointed out that its implicit assumptions – that political disintegration is more or less proportional to economic disintegration and that economic disintegration cannot be countered – are simply not valid. Further, Galtung describes three general strategies to counter sanctions: external shift to economic relations with other actors (which involves elasticity); restructuring of the national economy (which involves flexibility); and “training for sacrifice” (which is not discussed in sanction theory).¹⁰

Contemporary scholars acknowledge his criticism. But still they devote most of their discussion regarding countersanction strategies to possible economic solutions that reduce the target country’s economic dependence. Such solutions include stockpiling, diversification of production, development of substitute production, and control over resources.¹¹ But at best such an economic approach is only adequate for countering coercive sanction policy. Manipulative sanction policy, at least when implemented with complementary means, can hardly be resisted by economic policy alone. Indeed, while coercive sanctions seldom achieve their political goal, manipulative sanctions coupled with other means prove more effective. Gary Hufbauer and Jeffrey Schott, for example, drawing from eighteen cases

⁷ For example, this is Gunnar Adler-Karlsson’s argument with respect to the U.S. embargo’s failure to cause an uprising against Castro. See Adler-Karlsson, “Economic Warfare: the Case of Cuba” in Kurt W. Rothschild, *Power in Economics* (Harmondsworth, England: Penguin Books, 1971), 352. James Barber is an exception. He concludes that in order to succeed, economic sanctions should be implemented as part of a broader strategy. See Barber, “Economic Sanctions as a Foreign policy Instrument,” *International Affairs* 55 (July 1979): 374. Barber also has an elegant typological division of sanctions. One type is an alternative to the use of military force; the other complements the use of military force (ibid., 367). The idea of destabilization, as presented here, is somewhat parallel to Barber’s “complementary” type. The difference between Barber’s work and my own is that while he refers to the complementary type in times of war, I refer to it in times of nonbelligerence.

⁸ By “countereffects,” sanction theorists refer to the observation that sanctions often lead to an increase in social cohesion rather than disintegration. See Knorr, “International Economic Leverage and Its Uses,” 108; Bienen and Gilpin, “An Evaluation of Economic Sanctions,” 13.

⁹ Johan Galtung, “On the Effects of International Economic Sanctions, With Examples From the Case of Rhodesia,” *World Politics* 19 (April 1967): 390–91. For a critique of sanction theory from a different perspective, see David A. Baldwin, *Economic Statecraft* (Princeton, N.J.: Princeton University Press, 1985), 55–58. Baldwin criticizes the sanction literature for the consensus the literature reaches regarding the nonutility of sanctions. He attributes this problem to the “inadequacies in the analytical framework.”

¹⁰ Galtung, “Effects of International Economic Sanctions,” 377–78.

¹¹ Doxey, “International Sanctions,” 111.

of destabilization, found that “sanctions, coupled with other policies, are surprisingly successful in destabilizing governments.”¹²

Destabilization policy is most always based on manipulative sanctions. Yet, if implemented correctly, it is also based on the internal manipulation of the target country's society. Destabilization does not intend to change the policy of the target country's government. Rather it seeks to shake the social and political order and thereby to induce the society itself to change its political leadership. Therefore, destabilization (the end) has more to do with politics than with policy. Because this is the case, destabilization is a complex concept. It is a convergence of system-, state-, and individual-level factors operating in an environment structured by ideas, material capabilities, and institutions. Consequently, economic power and control over material capabilities alone can not account for the success or failure of destabilization. The structure of the destabilized society, its values, and the control over its institutions are as crucial in determining the prospects for a successful destabilization effort.

SYSTEM-LEVEL MISCONCEPTIONS

The Allende government in Chile presented the Nixon administration with a “geopolitical challenge” that it considered worse than Cuba and a threat to the “stability of the western hemisphere.”¹³ It was determined to take the necessary actions to end Allende's regime. Yet, overthrowing him was not an easy task. American public opinion and Chile's finger pointing would have killed the prospects of any open effort to overthrow the Allende regime. The Nixon administration was quick to realize that if the destabilization of Chile was executed properly the American public would be ignorant of it, and the deterioration in Chile would be attributed to the Allende regime and its policies rather than to a foreign power.

Operationally, the destabilization policy consisted of two interrelated efforts—the United States would target both the Chilean economy and society. The covert aspect of the destabilization policy was directly targeted at the society, the open aspect at Chile's international economic posture. The economic part was composed of an effort to curtail all new private American investments, to terminate old ones, and to influence international financial institutions to limit credits or other financing assistance to Chile.¹⁴ Some scholars were so impressed with the Amer-

¹² Hufbauer and Schott, *Economic Sanctions in Support of Foreign Policy*, 44. Hufbauer's study indicates that since the end of World War II destabilization strategy has increased its popularity as a policy measure: sixteen cases after World War II compared to only two cases before the war; see table 3.2, 51. See also the general discussion in Hufbauer and Schott, *Economic Sanctions Reconsidered*, 6.

¹³ See Henry Kissinger, *Years of Upheaval* (Boston: Little Brown, 1982), 376; and Kissinger, *The White House Years* (London: Weidenfeld and Nicolson and Michael Joseph, 1979), 657.

¹⁴ Indeed, as early as 9 November 1970, a Nixon directive was issued calling for “assembling pressures to prevent the consolidation of a communist state in Chile.” See Kissinger, *The White House Years*, 681. The United States also selectively channeled its assistance to Chile. A comparison of the

ican economic effort that they went as far as to suggest a direct relationship between the American economic campaign against Chile and the economic, social, and political deterioration there.¹⁵

Those explanations that regard the U.S. economic pressure as a direct cause of the deterioration in Chile are systemic in nature. The crucial variable is Chile's vulnerability to U.S. imperialist control over the capitalist world system. From this point of view, "core-periphery" dependence and "consequent exploitation facilitated by control over material capabilities" describe the case accurately.¹⁶ The mere existence of economic dependence largely accounts for the effects and success of the external squeeze.¹⁷

Naturally such views draw on Chile's trade and financial relations with the United States. According to such parameters, Chile's economy was obviously dependent on the United States and therefore vulnerable. Seventy-five percent of Chile's self-generated foreign exchange came from the export of copper, which was by and large dominated by U.S.-based multinational corporations (MNCs). The capital needed to service debts and fuel development was largely from U.S. governmental and private sources or international institutions dominated by the United States. Sixty percent of Chile's imports in 1970 were from the United States, much of it machinery. In addition, Chile had to service a mounting debt, which was inconvenient both in terms of size and composition. Since much of this debt Chile owed to the United States, rescheduling depended partially on the good will of the United States.

But dependence in and of itself does not explain the deterioration of the social and political order in Chile, unless we assume that dependence is equal to social vulnerability. This argument, which was endorsed by some left-wing writers after the collapse of Allende's regime, was not as popular before the coup. For example, in 1972 *Monthly Review* editors wrote that "[t]he upshot is that of all the neocolo-

structure of the U.S. aid programs to Chile before, during, and after Allende demonstrates that while all non-military aid dropped sharply (loans, credits, food), only military aid rose substantially. See James Petras and Morris Morley, *The United States and Chile: Imperialism and the Overthrow of Allende's Government* (New York: Monthly Review Press, 1975), 166-7; and David F. Cusack, *Revolution and Reaction: The Internal Dynamics of Conflict and Confrontation in Chile* (Denver: University of Denver, 1977), 113-4.

¹⁵ Ian Roxborough, Philip O'Brien, and Jackie Roddick, *Chile: the State and Revolution* (New York: Holmes & Meier, 1977), 99; James Petras, "Hearings Before the Subcommittee on Inter-American Affairs of the Committee of Foreign Affairs House of Representatives," *US and Chile During the Allende Years, 1970-73* (Washington, D.C.: GPO, 1975), 298, (henceforth *Hearings*); and Farnsworth, "More Than Admitted."

¹⁶ In Petras's words, the situation was one in which "[t]he externally linked enclave in effect was a hostage of the metropolitan countries." (Petras, *Hearings*, 293). Another writer who endorses the explanation of economic dependence is Nader Entessar, *Political Development in Chile* (Calcutta: K.P. Bagchi, 1980), 78-86, esp. 85.

¹⁷ Roxborough, O'Brien, and Roddick, *Chile: the State and Revolution*, 112.

nies in the US empire, probably few if any are as economically independent and hence as little subject to control through economic pressure as Chile."¹⁸

I do not wish to question Chile's economic dependence on the United States. I recognize that Chile's dependence was partly a result of its inherent structural problems, such as its production to service and commerce sector ratio and its dependence on foreign supplies of machinery.¹⁹ Yet, the idea seems bizarre that Chile's macrodependence on capital, capital goods, and foreign knowledge directly relates to the degree of U.S. control over Chile and the disintegration of Chilean social and political order. Those blaming the economic relations of dependence and external economic pressures for the general deterioration in Chile disregard exactly Galtung's critique of the theories of economic power. They overlook the ability of states to counter economic pressures by adopting various strategies. Indeed, the very platform of Allende's party, *Unidad Popular*, was oriented toward liberating the Chilean economy from foreign shackles.²⁰ The Socialist regime thought to achieve this result by gaining state control over the crucial factors of the Chilean economy—the productive, financial, and distributive sectors related to exports, imports, demand and supply. Accordingly, Allende's regime was quick to nationalize the MNC's assets (especially in mining), the *latifundia* (big landed estates), and the banking system (by massive purchase of bonds on the market).

These adjustments, however, were not sufficient to stabilize the Chilean economy, for they led Washington to economic retaliation. Since the United States chose to curtail credits and loans, Chile had to find financial support elsewhere. Not surprisingly, it succeeded in substituting European, Latin American, and to a lesser extent socialist sources for the American and American-dominated financial sources.²¹ Apparently, it also succeeded in overcoming the problems created by the withdrawal of American managerial skill and technical know-how in its largest production sector—copper mining—without any significant loss of production. In fact, the production of copper rose somewhat between 1970 and 1973, as did the level of general production.²² Overall then, Chile's economic counterstrategies

¹⁸ Editors, *Monthly Review*, "Peaceful Transition to Socialism" in Paul M. Sweezy and Harry Magdoff, eds., *Revolution and Counter Revolution in Chile* (New York: Monthly Review Press, 1974), 44.

¹⁹ For discussions of the Chilean economy's structural handicaps see Paul M. Sweezy, "Chile: the Question of Power" in Sweezy & Magdoff, *Revolution and Counter Revolution*, 11–21; Alexis Guardia, "Structural Transformations in Chile's Economy and in its System of External Economic Relations" in S. Sideri, ed., *Chile 1970–1973: Economic Development and its International Setting* (The Hague: Martinus Nijhoff, 1979), 51–55; Entessar, *Political Development in Chile*, 122; and Roxborough, O'Brien, and Ruddick, *Chile: the State and Revolution*, 50–58.

²⁰ For the Unidad Popular election platform see Dale L. Johnson, *The Chilean Road to Socialism* (New York: Anchor Books, 1973), 130–34. Allende described the Chilean goals as "controlling our economic destiny . . . winning our second independence." Quoted in Virginia M. Hagen, "United States Relations with Chile under the Government of Salvador Allende (November 1970–September 1973), Background and Current Developments," in *Hearings*, 408. See also 409.

²¹ See Sideri, *Chile: 1970–1973*, Table 3.15, 99–100.

²² See *ibid.*, table 2, 35.

proved quite successful. "In short," as Nader Entessar writes, "Allende's nationalization program not only reduced Chile's dependency on the international center, it also contributed to an increase in industrial productivity and to a reduction of the country's unemployment rate."²³

But even if Chile could not have countered economically the American pressures, the United States, by exerting economic pressure, would not automatically have been able to destabilize Chile. Economic suffering does not necessarily imply social and political disintegration. Logic tells us that external economic pressure can be countered passively, namely by absorbing the pressure through equal suffering, an ideological campaign, institutional control, or any combination of these. Under some circumstances societies can sustain for a long time severe austerity measures, including a deterioration of the standard of living, without being significantly destabilized. Such robustness was demonstrated by Israel in the early 1950s and by Iran and Rumania in the 1980s.

Therefore, economic dependence, economic vulnerability, and external economic pressures are not sufficient to explain the success of destabilization. The cases of Soviet economic sanctions against Yugoslavia in the late 1940s, Albania in the early 1960s, and Cuba in the 1960s simply discredit the validity of systemic explanations. Further, these cases demonstrate that an aggressive destabilization policy is not a unique capitalist phenomenon. Soviet-Albanian relations in the late 1950s and early 1960s represent one of the most acute cases of economic dependence.²⁴ Seventy-six percent of Albania's imports were from Eastern bloc sources (56 percent out of total imports came from the USSR). Further, these imports were largely composed of essential foods and industrial goods. Albania's exports were no less vulnerable: 85 percent were exported to the Eastern block (45 percent to the USSR). Under such conditions Albania's day-to-day life depended almost entirely on external socialist sources. When Albania signed a trade agreement with China, the Russians were quick to respond economically. In the period between April and December 1961 the USSR cut all its trade relations with Albania. Other East European states also curtailed their trade substantially. Yet, no change of policy or government in Albania followed.

The case of destabilization most comparable to that of Chile is that of the U.S. effort to destabilize Cuba in the 1960s.²⁵ As in Albania and Chile, in Cuba the level of dependence was extremely high. Exports to the United States made up

²³ Entessar, *Political Development in Chile*, 98; see also Roxborough, O'Brien, and Ruddick, *Chile: the State and Revolution*, 81.

²⁴ The following discussion on Albania is based on Knorr, *The Power of Nations*, 146-160; and Hufbauer and Schott, *Economic Sanctions Reconsidered*, 329-35.

²⁵ The discussion on Cuba is based on the following writings: Jorge I. Domínguez, *Cuba: Order and Revolution* (Cambridge, Mass.: Belknap Press, 1978), 149-59; Richard E. Welch, *Response to Revolution: the United States and the Cuban Revolution, 1959-1961* (Chapel Hill: The University of North Carolina Press, 1985); Archibald M.R. Ritter, *The Economic Development of Revolutionary Cuba: Strategy and Performance* (New York: Praeger, 1974); Robert F. Smith, "Castro's Revolution: Domestic Sources and Consequences," in Plank John, ed., *Cuba and the United States: Long Range Perspectives* (Washington, D.C.: The Brookings Institution, 1967), 45-68; Morris H. Morley, *Imperial*

67 percent of Cuba's total exports; imports from the United States made up 70 percent of its total imports. Much of the export was sugar, and in order to subsidize the Cuban economy was paid according to a higher price than that of the world market. Many of the imports were in the form of machinery and therefore both dependence and vulnerability were high.²⁶ Further, U.S. control over its allies was substantial, both in Europe and in the Organization of American States (OAS). In comparison to Chile, Cuba had fewer opportunities for economic substitutes in the world market. Yet, when the United States sanctioned Cuba, hoping to destabilize it socially and politically, Cuba successfully fought back. Under extremely bad economic conditions (including a drop of 29 percent in production in the years 1961–1964),²⁷ Castro was able to maintain control by orchestrating a three-pronged campaign—economic, political, and social.

This discussion seems to make one thing clear: dependence, potential economic vulnerability, and economic pressure, although probably necessary for destabilization, are far from being sufficient to explain the relationship between the destabilization effort and the result. It is true that the opportunities for substitution and relief in the world market reduce substantially the economic price to be paid for fighting dependence. But even more important, social vulnerability is not directly related to economic power relations. Rather it is related in a more complex way. Economic pressure can be effectively fought at home by active or passive strategies—adjustment of the production sector or adjustment of the society to the reduced standard of living. The difference between Cuba and Chile brings us first to the discussion of the social factor.

SOCIAL STRUCTURE AND VULNERABILITY TO EXTERNAL PRESSURE

The Latin American school of dependency has proved much more sensitive to reality than crude Marxist dependence theory. Instead of blaming only the “core” center

State and Revolution: the United States and Cuba, 1952–1986 (New York: Cambridge University Press, 1987); Philip W. Bonsal, *Cuba, Castro, and the United States* (Pittsburgh: University of Pittsburgh Press, 1971); Hufbauer and Schott, *Economic Sanctions Reconsidered*, 315–23; Anna P. Schreiber, “Economic Coercion as an Instrument of Foreign Policy: US Economic Measures Against Cuba and the Dominican Republic,” *World Politics* 25 (April 1973): 387–405; Adler-Karlsson, “Economic Warfare,” 341–54; and Knorr, *The Power of Nations*, 146–60.

²⁶ According to Morley over 90 percent of Cuba's industrial plants and transformation depended on American equipment, spare parts, and machinery. See Morley, *Imperial State and Revolution*, 119.

²⁷ Castro inherited a significant deficit and depleted treasury. In February 1959, the exchange rate of the Cuban currency fell from \$1 a peso to \$0.3 a peso. In June 1959 the world sugar price fell to the lowest level in eighteen years. At the same time the Cuban national economy suffered from declining foreign investments, growing unemployment, and technical and managerial shortages. On top of these transitional and structural problems, the U.S. embargo (which started gradually in 1960) caused storage and handling problems at Cuban ports, decline of industrial production, and serious day-to-day problems as a result of shortages of spare parts. See Smith, “Castro's Revolution,” 61–62; Morley, *Imperial State and Revolution*, 77, 124–25; Schreiber, “Economic Coercion,” 400; and Bienen and Gilpin, “An Evaluation of Economic Sanctions,” 61–64.

and the manipulation of material capabilities, the Latin American school looks at the interplay between internal and external structures.²⁸ It delegates much of the responsibility for the dependency to the local social structure. This view is well reflected in Clodomiro Almeyda's retrospective judgment:

External factors were important and might even have been decisive but only inasmuch as they were translated and converted into internal factors, which then combined to prevent the project's success. Possibly because these exogenous factors collided with internal reality, conditions were created which permitted the internal enemies of the revolution to increase their strength and weakened that of its supporters.²⁹

According to dependency theory, the translation of external pressure into internal effects is mediated by internal forces. Further, these forces are motivated by and depend on internal conditions. Destabilization, rather than being responsible for the problems of Chile, was a strategy based on the exacerbation of social and economic conditions and on the manipulation of local interests.³⁰

Although the damage created by American economic pressure (at the macro-level) did not cripple the Chilean economy, its effects spilled over to the microlevel or social structure. Many of these effects were the result of a deeper and more subtle dependence than the economic one. Prior to the Allende years, the United States continuously stabilized the social and political order in Chile by directing resources toward development and consumption. In doing so, it helped maintain a public atmosphere of consumption based on ideas or values similar to those of the western world.³¹ Consequently, stability in Chile was based on the ability of the state to satisfy consumption, which in turn was shaped by middle-class tastes. It is easy to understand that if Chile's past stability was based on infusions of American capital, the withdrawal of such assistance would have meant at least temporary destabilization. The key element to understand is that this was not a question of Chile's economic robustness but rather one of social structure, values, and ideas that reduced the chances of transition to socialist order through economic restraint and sacrifice.

²⁸ Philip J. O'Brien, "A Critique of Latin American Theories of Dependency" in Ivar Oxaal, Tony Barnett, and David Both, eds., *Beyond the Sociology of Development* (London: Routledge & Kegan Paul, 1975), 22. A good example of the Latin American school are Fernando H. Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979).

²⁹ Clodomiro Almeyda, "The Reasons for Self Criticism of the Unidad Popular Government" in Sideri, *Chile 1970-1973*, 6.

³⁰ See Halperin, Berman, Borosage, and Marwick, *The Lawless State*, 24-29. Both Philip Agee and Richard Bissell elaborate the kinds of actions the CIA considered a regular part of its job. From these descriptions it is easy to see that what they confess to are simply destabilization-related activities. See Philip Agee, *Inside the Company: CIA Diary* (New York: Stonehill, 1975), 84; and Richard Bissell's memorandum in Victor Marchetti and John D. Marks, *The CIA and the Cult of Intelligence* (New York: Dell, 1980), 334.

³¹ This was a result of not only the American economic influence, but also its control over the media. By this control the United States, perhaps unintentionally, shaped the expectations of the Chilean people as well as their perception of the capitalist and socialist world views. See Humbert Máximo, "Yankee Television Control" in Johnson, *The Chilean Road*, 120-24.

Allende was not blind to the depth of dependency. He understood well that Chile's dependence was not only economic but also social, cultural, technical, and political.³² In the short run there was little he could do to change the situation. Therefore, instead of alienating the middle and working classes by choosing an economy of restraint, he opted for an economy of satisfaction. But instead of keeping consumerism under control, Allende opted for a dangerous increase in consumption or, as termed elsewhere, "populist consumerism." Unfortunately for him, in this game the United States had the trump cards. It had only to wait for his mistakes or for an economic recession. Then it could take advantage of the situation and "push" it further toward final political disintegration. This was achieved by helping to finance the opposition parties and to organize and finance the strikes and media campaign against the government.³³

Understanding the social and cultural dimensions of dependency in a context of middle-class ideas also helps us to grasp why the denial of material capabilities could have been effective and why the invisible blockade influenced Chile in a more subtle way. First, the credit squeeze constrained the government's freedom to maneuver. If the use of past credits and loans was relatively flexible, new ones were tied to specific projects. Second, U.S. insistence on Chile's timely payment of its external debts was, as James Petras observed, a "no-lose" strategy. For Chile to have paid up, funds would have had to be diverted from popular programs and development projects, generating political opposition. If Chile did not pay, its international credit rating would decline; the amount and, more important, the type of credits would be limited; and economic stagnation or decline would create political discontent.³⁴ Third, the rapid decline of short-term credits closed the U.S. spare-parts market for Chile, sabotaging production, transportation, and any other activity based on U.S.-made machinery.³⁵ Further, Chile was compelled to borrow and get credits with high interest rates.

The ultimate effect of Allende's policies and Chile's structural problems was the deterioration of production, income, and consumption of the middle class, culminating in a reduced standard of living. Consequently, the middle class leaned more and more to the right.³⁶ Finally, the discontent of the middle class was trans-

³² See Allende in a speech delivered 5 November 1970, quoted in Johnson, *The Chilean Road*, 152.

³³ See David F. Cusack, *Revolution and Reaction*, 112. Even Sigmund, who rejects the idea that U.S. intervention was decisive, remarks that "[t]he strikes were very important in politicizing the military, polarizing the workers and the middle class, and demonstrating the opposition to Allende of a large and important sector of Chilean society. . . . *Without outside support it is likely that the strikes would not have escalated so quickly or lasted so long. Certainly they accelerated the breakdown of the Chilean economy and polity.* . . ." See Paul E. Sigmund, *The Overthrow of Allende and the Politics of Chile 1964-1976* (Pittsburgh: University of Pittsburgh Press, 1977). (Emphasis added.)

³⁴ See Petras, *Hearings*, 297-99.

³⁵ See Joseph Collins, "Tightening the Financial Knot" in Laurence Birns, ed., *The End of Chilean Democracy* (New York: Seabury Press, 1973), 185.

³⁶ Entessar, *Political Development in Chile*, 130; and Roxborough, O'Brien, and Ruddick, *Chile: The State and Revolution*, 88, 115.

lated into a chain of crippling strikes that politicized the army, polarized the workers as well as the more tolerant factions of the middle class, and demonstrated to all that Chile was on a course of progressive destabilization.

The various social connections the United States had in Chile enabled it to manipulate Chile's internal developments. It did so by exacerbating and magnifying both the size of Allende's mistakes and the power of the opposition. It is important to understand that the United States did not single-handedly create the social, economic, and political chaos in Chile. Rather, the United States continuously manipulated the situation by a variety of means. It destabilized Chile "by pouring millions of dollars into vulnerable corners of that nation's national life."³⁷ Or as William Colby put it: "Certainly . . . [the] CIA was responsible to some degree for the final outcome. . . . Certainly, its support of the center parties, political groups and media . . . did produce tension in Chile when Allende tried to suppress them; there would have been no tension if his pressure had not been resisted."³⁸

How detrimental was the U.S. effort to destabilize Chile? It is impossible to assess precisely, just as it is impossible to assess the probable consequences if the United States had refrained from internal manipulation. Yet, it is possible to learn some lessons from the U.S. failure to destabilize Cuba. Like Chile, Cuba committed serious economic mistakes that resulted in a sharp drop in its production in the early and mid-1960s. Like Chile, it suffered from a crippling shortage of spare parts and resultant partial paralysis in transportation.³⁹ Like Chile, it tried to consolidate its support in the low-income groups through a new and more favorable distribution of income (wage and salary increases and reduced cost of services such as electricity, telephone, rents, etc.). But unlike Chile, Cuba had only a feeble middle class.⁴⁰ Further, Castro forced a showdown with the middle class and won, as a result of which those in the middle class who wanted to emigrate were allowed to do so. Since there was no strong middle class and the economy was under tight control, it was relatively easy for Cuba to curtail its importation of consumer goods from 39 percent of total imports in 1954–1958 to a level of 24 percent of its total imports in 1960–1964. Such cutbacks left very little room for penetration and manipulation, without which U.S. external economic pressure was practically doomed.

DESTABILIZATION, DEMOCRACY, AND INSTITUTIONAL LEGACY

The above comparison still leaves us with the unresolved details of a crucial question: Why was Allende unable to break the link between internal and external rela-

³⁷ Laurence R. Birns, "Allende's Fall, Washington's Push" in *Hearings*, 336.

³⁸ William Colby, *Honorable Men* (New York: Simon & Schuster, 1978), 305.

³⁹ Smith, "Castro's Revolution," 61–62; and Ritter, *The Economic Development of Revolutionary Cuba*, 96–97.

⁴⁰ Gilbert W. Merks and Nelson P. Valdés, "Revolution, Consciousness and Class: Cuba and Ar-

tionships and avoid the consequent destabilizing influence of the United States? Even those who wanted to transform the social order in Chile and failed, because they did not control the crucial institutions, have neglected the institutional aspect of the destabilization policy. In an overview to a symposium book devoted to self-criticism of the Allende's government policies, Clodomiro Almeyda admits that the book neglects ideological and institutional aspects of the disintegrating order in Chile. Therefore Almeyda concludes that "[o]bviously the limited consideration given to noneconomic factors implies an inadequate coverage in that the deepest roots of the political process are not fully analyzed."⁴¹ His fellow writers recognize that the successful transition to socialism implied a creation of a new institutional order.⁴²

James March and John Olsen assert that political outcomes are the result of three major factors: different interests, the distribution of power, and constraints imposed by the rules of the game. Institutions, they argue, provide the framework and the means by which these three factors can be expressed. In addition, institutions do not simply reflect but also affect each of the factors.⁴³ Consequently, the maintenance of order and a political community depends on the working of political institutions. They provide indispensable social and political stability.⁴⁴ But institutions, as regulatory entities, also facilitate the transition of social discontent into effective social demand. In normal times social discontent can be expressed on ballots. But in times of acute social crisis, discontent can be expressed through mass movements, existing institutions, or both. Because institutions provide both the means and opportunity to organize, they magnify the level of public discontent. They may communicate the level of discontent to the regime, to the ignorant factions of the masses, or to other institutions capable of altering the situation, such as the legislative and coercive ones.

Paul Sweezy correctly points out that Allende's failure was the direct result of his narrow institutional control. He observes that the legislative, the judiciary, and the military institutions "remained in the hands of the enemies of the UP [Unidad Popular]." Further, he concludes that "[t]o achieve state power the Unidad Popular had to capture these strongholds of the enemy."⁴⁵ Sergio Bitar concludes similarly that the Unidad Popular failed to create enough awareness of the need to change the institutional structure and to diffuse socialist values.⁴⁶ Although Sweezy's gen-

entina" in Rolando E. Bonachea and Nelson P. Valdés, eds., *Cuba in Revolution* (New York: Anchor Books/Doubleday, 1972), 99-101, 107.

⁴¹ Almeyda in Sideri, *Chile 1970-1973*, 2.

⁴² Alexis Guardia, Alberto Martínez, and Sergio Ramos, "General Considerations on the Chilean Economic Structure" in *ibid.*, 25.

⁴³ James G. March and John P. Olsen, "The New Institutionalism: Organizational Factors in Political Life," *American Political Science Review* 78 (September 1984): 739.

⁴⁴ Samuel P. Huntington, *Political Order in Changing Societies* (New Haven, Conn.: Yale University Press, 1968, 1977), 9.

⁴⁵ Paul M. Sweezy, "Chile: the Question of Power" in Sweezy and Magdoff, *Revolution and Counter Revolution*, 13.

⁴⁶ Sergio Bitar, *Chile: Experiment in Democracy* (Philadelphia: Ishi, 1986), 230.

eralization is somewhat imprecise, his and Bitar's analyses provide us with insight into the institutional dimension of Chilean social deterioration.

Allende's first move after his inauguration was to consolidate his victory in the executive branch. This gave him control over Chile's material capabilities. After the successful consolidation of his executive power and campaign against the big capitalists — the MNCs and *latifundia* owners — Allende moved to abolish or capture and transform the institutions that reflected the ideas of the middle class. Yet, in order to do so Allende needed either the legitimacy of the popular majority and its representative — the Congress — or the active support of the coercive institutions. Allende had neither, and when he turned inward in an attempt to transform the institutional bases of Chile, he faced external and internal problems. The decentralized structure and the deep dependency of Chile made its institutions resilient to Allende's pressure. It also made these institutions extremely vulnerable to American intervention.

Since Richard Nixon's and Henry Kissinger's destabilization policy was designed in part to "avoid giving the Allende government a basis on which to rally domestic . . . support for consolidation of the regime,"⁴⁷ it necessarily aimed at the Chilean institutional structure. Operationally, such a strategy meant that the United States would help to counter Allende's attempts to gain control over the different institutions. It also meant that the United States would try to use these institutions against Allende's coalition in order to erode its legitimacy as a competent governing body. In order to achieve this the United States had to make sure that the institutions that struggled against the Unidad Popular program would continue to function. Consequently it channeled money and provided organizational help to different trade and professional unions (*gremio*) and other middle-class organizations. And those organized the most effective strikes.⁴⁸

Yet the strikes alone would not have been so effective had they not been comprehensive and had they not lasted so long. Furthermore, in order to be effective, the strikes and other public pressures had to be diffused in the Chilean society. In short, public consciousness was essential. And those who had control over the flow of information gained this consciousness on their side. Galtung, discussing counterstrategies to sanctions, observed: "What matters is not so much what people think as whether they think there are many who share their . . . thought — in other words, what matters to the government is the creation and maintenance of 'pluralistic ignorance.'"⁴⁹ Allende understood this principle very well. Although he tried to paralyze the opposition media, he failed because of U.S. material support for it, and because the opposition took full advantage of its control over 65

⁴⁷ Kissinger, *Years of Upheaval*, 379.

⁴⁸ Colby remarks that the investment in Chile was wide enough to influence the CIA budget. He admits that the CIA, after Allende's inauguration, supported the center parties, free and opposition newspapers, radio stations, student organizations, and syndicate sectors. See Colby, *Honorable Men*, 304–305.

⁴⁹ Galtung, "Effects of International Economic Sanctions," 339.

percent of the mass media.⁵⁰ Allende found himself exposed to decisive media attacks and placed consequently in a position of inferiority.

The Chilean legislative and judiciary branches proved as problematic for Allende as the free media. They piled endless obstacles in his road to the transformation of the Chilean social order. Both institutions were quite hostile to Allende from the beginning.⁵¹ Therefore the institution on which Allende's faith and the final success of U.S. destabilization effort hinged was the military.

Both Allende and the United States understood perfectly well that the military was the key to Allende's survival. Therefore, much of their hidden struggle centered around the military. It is wrong to infer, as Sweezy did, that the military was a "bourgeoisie institution designed to protect the capitalist system from its enemies, external as well as internal."⁵² Sweezy was also wrong in assuming that Allende failed to gain control over the military because of his naiveté and fear. First, the military was far from being a defender of the capitalist order and was not a bourgeoisie institution. In fact, it had a strong constitutional tradition and did not pose an immediate threat to the new socialist regime. For example, the army chief of staff, René Schneider, paid with his own life for a decision to respect the democratic process to its maxim — Allende's inauguration.⁵³ Second, because Allende was sensitive both to the fact that he did not have the essential popular majority and that the military had the physical capabilities and considerable prestige among the general public, he was apprehensive about refusing the military's demands. The military's wages were kept high and its traditional relationship with the United States was not cut off. Further, the military was invited three times to participate in Allende's government; twice it actually accepted and functioned as a social arbiter in the class struggle.⁵⁴ Perhaps Allende feared the army, but

⁵⁰ See Stalling and Zimbalist, "Showdown in Chile" in Sweezy & Magdoff, *Revolution and Counter Revolution*, 126–27. The opposition media fought Allende by identifying him with the extreme Left (MIR), by magnifying and aggravating the problems intentionally and therefore de-legitimizing Allende, and by mobilizing the masses against his regime. See also Bitar, *Chile: Experiment in Democracy*, 109.

⁵¹ For the ratio of supporters to opponents of Allende in the Chilean Senate and House, see Biehler Del Rio & Fernández Gonzalez, "The Political Pre-requisites for a Chilean Way," in Kenneth Medhurst, *Allende's Chile* (London: Hart-Davis MacGibbon, 1972), 60–63. The opposition in the Chilean Congress and Senate tried to curtail Allende's institutional, policy, and legislative initiatives. This opposition also tried to impeach some of his ministers. The judicial system was generally in favor of the opposition. See Roxborough, O'Brien, and Ruddick, *Chile: the State and Revolution*, 108.

⁵² Sweezy, "Chile: Advance or Retreat?" in Sweezy & Magdoff, *Revolution and Counter Revolution*, 83. Allende himself did not think that the military in general was "capitalist." Even in his last speech on 11 September 1973, he argued that "foreign capital, [and] imperialism united with reaction, created the climate for the armed forces to break with their tradition. . . ." Quoted in Cusack, *Revolution and Reaction*, 145. (Emphasis added.)

⁵³ General René Schneider was known in Chilean military circles for his opposition to a coup. Military officers who plotted to prevent Allende's nomination by the Congress planned to kidnap Schneider in order to eliminate his counter-coup influence in the military. Schneider was killed in the kidnap attempt. See Sigmund, *Overthrow of Allende*, 120–123.

⁵⁴ See Arturo Valenzuela, *The Breakdown of Democratic Regimes: Chile* (Baltimore: Johns Hopkins

his well-calculated policies proved that he was not naive. After all, the army did not take part in the destabilization process. Rather, until mid-1973, it helped to maintain institutional stability and, therefore, the legitimacy of the Allende government.⁵⁵

The United States, on the other hand, following its traditional perception regarding Latin American military establishments as possible obstacles to a socialist progress, kept its ties with the Chilean military warm.⁵⁶ In previous years it had done so by training Chilean officers in the United States; now it responded to the Chilean military's materiel demands. But the American goal was "passive"; rather than trying directly to provoke the Chilean military into starting a coup, the United States tried to make it harder for Allende to consolidate his power in the military.⁵⁷ We can conclude that Allende and the United States invested in the military on the basis of similar calculations. Both understood that although the coercive institution would not take part in the destabilization process, it might be able to decide its final outcome. Both hoped to prevent the military from joining the other side.

A brief look at Cuba is instructive with regard to the role of institutions. Unlike in Chile, Castro assumed power following destruction of an authoritarian regime for which the population in general had no affinity. Unlike in Chile, the old institution structure was destroyed by the process of revolutionary political change, leaving an "institutional vacuum."⁵⁸ Consequently, Castro was able to consolidate and centralize his own institutional order with relative ease.⁵⁹ Further, knowing that the military was his strongest potential rival, Castro quickly moved to erode

University Press), 81–106; Roxborough, O'Brien, and Ruddick, *Chile: the State and Revolution*, 194–201; and Bitar, *Chile: Experiment in Democracy*, 137–53.

⁵⁵Bitar, *Chile: Experiment in Democracy*, 111.

⁵⁶Traditional American perceptions of Latin American military establishments are indicated in *The Rockefeller Report on the Americas* (Chicago: Quadrangle Books, 1969); see a discussion in Johnson, *The Chilean Road*, 61–63. For a summary of *The Rockefeller Report*, see *Governor Rockefeller's Report on Latin America*, hearing before the Subcommittee on Inter-American Affairs, House of Representatives, 91st Congress, 1st sess., November 1969 (Washington, D.C.: GPO, 1970), 45–48. William Colby, former head of the CIA, acknowledges that the American military's continued warm contacts with the Chilean military were part of U.S. policy toward Allende's Chile. See Colby, *Honorable Men*, 305–06. See also Borosage and Marks, in Borosage & Marks, *The CIA File*, 84.

⁵⁷In 1970 the decision makers in Washington had already learned from their ambassador in Chile, Edward Korry, that the military was far from enthusiastic about intervening in the civilian government. Even as late as the September 1973 coup Kissinger was still not sure whether the military was going to be pro American or "revolutionary." See Kissinger, *Years of Upheaval*, 1245, fn. 14.

⁵⁸Nelson P. Valdés, "Revolution and Institutionalization in Cuba," *Cuban Studies* 6 (January and July 1976): 3.

⁵⁹Castro centralized power through the Council of Ministers. This council became the supreme organ of the revolutionary government in Cuba and had executive, legislative, and constitutional responsibilities. Of course, the absence of a legislative body stripped the opposition of a representative institution such as Allende's opposition had in Chile. In addition, there were other institutional changes in 1959–1961, for example, in the education, military, and professional associations (including the abolition of the right to strike). See Ritter, *The Economic Development*, 85–87. See also Welch, *Response to Revolution*, 16–18.

the power of the armed forces and create a competitive coercive institution.⁶⁰ Later, he also tightened his grip of other institutions and curtailed the freedom of the press.

Even more important is the fact that, unlike in Chile, the United States did not suspect Castro of being communist until 1960 and, therefore, did not try to intervene or destabilize Cuba in its early stages of transformation.⁶¹ It launched its destabilization effort only after Castro had already gained a strong institutional basis that enabled him to control effectively both the flow of ideas and the material capabilities of the opposition. Unlike in Chile, the United States had very limited capacity to penetrate the different institutions and thereby manipulate Cuba's internal situation.⁶²

In contrast to Cuba, democratic Chile had a traditional decentralized institutional structure. Any attempt by Allende—who was inaugurated on a basis of plurality—to capture the institutions by force would have resulted in a counteroffensive by the military, against which Allende obviously would not have stood a chance. Allende's strategy was to try to gain control over the different institutions gradually. But this strategy was upset by U.S. efforts to channel capital to the opposition, to organize it, and to propagate an ideological campaign against Allende. Had Allende been able to secure the total support of all three or even a combination of two of the most important institutions of the Chilean democracy—the legislative body, the mass media, and the military—he might have countered successfully the effects of the foreign intervention. He failed because he was trapped in a vicious circle: foreign intervention was a major reason why he could not capture the different institutions, and since he could not capture them he could not counter foreign intervention successfully.

The fact that Chile was a democracy and its institutions were independent and relatively easy to penetrate led to Allende's downfall. Allende lost the institutional struggle because he failed to capture the institutions that controlled the flow of ideas and power. In large part he failed to do so because of U.S. material and organizational effort in those institutions.

LEADERSHIP AND POLITICAL SKILL

In trying to understand why and how destabilization policy succeeded in Chile, the focus of analysis has been shifted from the economic to the social realm. The

⁶⁰ James Petras, *Politics and Social Structure in Latin America* (New York: Monthly Review Press, 1970), 110, 112; Welch, *Response to Revolution*, 4–5.

⁶¹ In the first year of the revolutionary government, the Eisenhower administration and especially the State Department tried to “get along with” and “understand” Cuba. See Richard M. Nixon, *Six Crises* (New York: Doubleday, 1962), 352. U.S. Ambassador to Cuba P. Bonsal described the initial U.S. policy as “one of benevolent, if nervous, watchfulness.” See Bonsal, *Cuba, Castro*, 28.

⁶² Part of this impotence was a result of the CIA's loss of all its long-established connections in the Cuban military intelligence and security forces. It consequently lost many “assets” for covert operation. This in part forced the United States to change its “inside” strategy to an “outside” one. See Morley, *Imperial State and Revolution*, 89, 94–99.

guiding notion up to this stage was that if we seek to understand the effect of foreign economic pressure on a society, it is necessary to analyze the social structure, the society's attributes, the sociohistorical context, and the mode of foreign social intervention. By the same token, if one wishes to understand why destabilization succeeded in alienating the society from its leader(s), one must consider the possible impact of the leadership and its political skill. In discussing economic power Klaus Knorr has observed that statecraft is a crucial asset, for it is composed of such political skills as recognizing international opportunities, identifying policies that will maximize national economic power per unit of effort, and maximizing domestic support or minimizing domestic opposition.⁶³ Obviously, political skill is needed to prevent or to counter destabilization; even more is required to fight destabilization and reform society at the same time.

According to Samuel Huntington, a leader trying radically to reform his society with no revolutionary violence must be politically more competent than a revolutionary leader. He must be more adept at the manipulation of social forces, more sophisticated in the control of social change, more selective and discriminating in his policies, and more attentive to the methods, techniques, and timing of change.⁶⁴ The more difficult task facing the reformist leader is clearer when one considers the different strategies open to him and to the revolutionary leader while confronting problems. While the reformist leader almost always has to provide solutions or remedies to problems, the revolutionary leader can simply liquidate the problems. The different treatment of the middle class in Cuba and Chile illustrates the point.

Samuel Huntington also identifies two general modes of operation to achieve reforms — *Blitzkrieg* and Fabian.⁶⁵ In the *Blitzkrieg* mode the leader initially makes his goals known and immediately presses for as many as possible. In the Fabian mode the leader conceals his aims and discloses them one at a time, thus minimizing the opposition at each stage of reform. Political skill, according to Huntington, involves the ability to strike the right balance in using the two modes. The best strategy in trying to reform a society is to follow a Fabian mode, but to execute each stage in a *blitzkrieg* manner.⁶⁶ The art is to draw a fine line between caution and boldness and to execute fiercely. Huntington's typology becomes all the more important in understanding the ability to counter destabilization. Any effort to radically reform a society invokes destabilizing forces. Therefore, any such effort demands leaders of great political skill. Only more so, if a foreign power decides to intervene in the form of destabilization policy.

Unfortunately, measuring political skill is problematic. First, the arguments are often cyclical in that political skill is measured on the basis of the success or failure of policies. Second, leadership or political skill is probably the least tangible of

⁶³ Knorr, *The Power of Nations*, 93.

⁶⁴ Huntington, *Political Order in Changing Societies*, 345.

⁶⁵ *Ibid.*, 346.

⁶⁶ *Ibid.*

all variables, because among other things it involves ambiguous qualities such as instincts, sense of timing, and the like. Still, it would be a mistake to ignore the role of leaders. They are not just the victims of circumstances, but are at times also the creators by intention or default of the circumstances under which they find themselves forced to operate.

To some extent Allende was responsible for the ability of the United States to destabilize Chile. In his effort to reform Chile he did face different choices, and he could have led Chile differently.⁶⁷ He facilitated and failed to counter the American effort because of a combination of political mistakes and personal attributes.⁶⁸

First, because Allende initiated a broad program of domestic reforms, used radical rhetoric, and at the same time followed a radical foreign policy, he prematurely cast himself in Washington as a radical communist.⁶⁹ By doing so he fulfilled the worst American fears. Instead of following a more Fabian mode and maintaining a calculated ambivalence that would confuse the United States, he stimulated the United States into total alienation before he secured adequate institutional control.

Second, Allende failed to establish the necessary centralization and control needed to formulate and execute a coherent policy of social change. He did not, and perhaps could not, follow the first dictum of any leadership whose regime's legitimacy is seriously questioned — have order in your own house and total control over your forces. The results of this default were detrimental. The extreme left, the MIR movement, operated violently, thereby pushing the middle class away from Allende toward the political right. Factions of his left coalition parochially pursued their own goals, encouraging indiscipline by their policies and exacerbating the chaos in the Chilean economy.

Third, Allende led the Chilean people in the dangerous direction of building socialism without demanding self-sacrifice. By choosing to follow a short-sighted supply-side economy, he unleashed unrestrained consumerism.⁷⁰ The combination of Allende's political mistakes, defaults, and personality indirectly served the U.S. interest. When his populist consumerism policy got out of hand, he was unable to redirect his "revolution," not just because of this opposition, but also because he had no control over rival elements in his own coalition. Eventually, Allende maneuvered himself into an inferior position in the struggle over the future of Chile. With mounting inflation, a deteriorating trade balance and balance-of-payments, shortages in essential supplies, and above all with no strong hand to control and coherently guide the general transformation, the Unidad Popular government grew steadily less united, less popular, and eventually less and less able to counter the U.S. destabilization effort.

⁶⁷ Valenzuela, *The Breakdown of Democratic Regimes: Chile*, 60.

⁶⁸ For a good discussion of Allende's part in the failure of the social experiment in Chile, see *ibid.*, 60–70, 107–09.

⁶⁹ For the American perceptions see Kissinger, *The White House Years*, 656–7, 680–83.

⁷⁰ Even Allende's foreign minister, Almeyda, admitted that the Unidad Popular government initiated a populist policy in the hope of gaining short-term support, but in doing so it disregarded long-term considerations. See Almeyda in Sideri, *Chile 1970–1973*, 8.

Because Castro and Allende operated under different conditions, Allende had to demonstrate more sophistication and higher political skill than Castro. But unlike Allende, Castro had those qualities needed to lead a transformation of a society and at the same time counter a foreign destabilization effort.⁷¹ First, he had a much better sense of timing. He instinctively avoided premature overlabeling and consequently avoided bullying the United States into total hostility before he was ready to meet its challenge. Second, and most important, Castro was determined to secure full institutional control. He instinctively realized that such control cannot be compromised. He ruthlessly weeded out not just the reactionary opposition, but also with the same zeal any leftist faction that could or tried to challenge his leadership. When the United States finally launched a destabilization effort, there was hardly any window left through which it could internally manipulate Cuban society.

To sum up, many of Allende's problems stemmed from the existing economic structure, Chilean social institutions, and manipulation by the United States of both. Nonetheless, the situation in Chile was not predetermined, and the outcome was not inevitable. Allende did have a choice, and he could have avoided or countered at least some of the problems he encountered. Yet, his policies exacerbated Chile's structural problems. By deeds and words he had earned himself a radical label before he secured adequate institutional control. And he was unable or unwilling to establish, if need be ruthlessly, strong leadership over the left. The bottom line is that Allende helped to create a balance that the United States could tip. He made Chile more vulnerable by unintentionally cultivating a fertile soil for American destabilization efforts.

CONCLUSIONS

Chile was vulnerable to destabilization as a result of social factors: its institutional structure was democratic and therefore traditionally decentralized; it had a strong middle class whose values originated in Chile's dependency; and it was caught off balance in the middle of a transition period. The American destabilization effort was finally successful because the United States invested and exerted pressure in the right places and in the right manner. Yet, success finally also depended on Allende's mistakes.

Some more general lessons may be learned from the successful destabilization of Chile. The major goal of destabilization policy is to create the conditions that will induce the society to change its political leadership. In order to achieve this,

⁷¹ There is a consensus in the literature on Cuba on the importance of Castro's charismatic personality in the context of revolution. It is not uncommon to find writers who describe his leadership as "messianic." See Richard Fagen, "Charismatic Authority and the Leadership of Fidel Castro" in Bonachea and Valdés, *Cuba in Revolution*, 154–68. This article is based on Lloyd A. Free, *Attitudes of the Cuban People toward the Castro Regime* (Princeton, N.J.: Institute for International Social Research, 1960). See also Valdés, "Revolution and Institutionalisation," 8; Welch, *Response to Revolution*, 19; and Bonsal's analysis and personal impression of Castro's leadership in *Cuba, Castro*, 55–58.

destabilization is designed to create a situation in which the leadership is perceived by enough people as unable to solve economic, social, and political problems. Destabilization tries to delegitimize a government by convincing the people that the leader is incompetent to govern. External economic pressure in the form of sanctions may be necessary, but is hardly ever sufficient. Since destabilization is aimed at the target country society, the particular social structure is a crucial variable. Social structures depend on the attributes of the societies and the historical context. Therefore, it is not the material dependence that is so important, but the socioeconomic dependency. Ideas and material capabilities converge in institutions. Institutions provide foreign power both an opportunity to intervene ideologically and a channel through which to invest material capabilities. All three — ideas, institutions, and material capabilities — are major factors in shaping social forces. In order to harness and exacerbate the destructiveness of existing social forces, the foreign power must penetrate the society. Successful destabilization almost always must rely on both external economic pressure and internal social intervention and manipulation.*

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